

No. of years of participation in the separate account	Percent-age
0-4 .....	5
5-9 .....	4
10-14 .....	3
15 or more .....	0

12. The Company assumes mortality and expense risks under the Existing Contracts because of its contractual obligation to make annuity payments, in the case of a life annuity, regardless of how long an annuitant may live. The mortality risk is the risk that, upon selection of a life annuity which has a life contingency, annuitants will live longer than the Company's actuarial projections indicate, resulting in higher than expected annuity payments. The expense risk is the risk that actual administrative expenses involved in administering the Existing Contracts may exceed the anticipated administrative expenses.

13. As compensation for assuming these mortality and expense risks, the Company assesses a daily charge at an annual effective rate of 1.25% of the net asset value of the Separate Account ("Mortality and Expense Risk Charge").

14. When the accounts derived from the Mortality and Expense Risk Charge are insufficient to cover the actual costs resulting from the mortality and expense risk, the Company bears the costs and realizes a loss. When the amounts derived from the Mortality and Expense Risk Charge are more than sufficient, the excess is a profit that is added to the Company's surplus and used for any lawful purpose, including the costs of distributing the Existing Contracts.

#### Applicants' Legal Analysis and Conditions

1. Pursuant to Section 6(c) of the 1940 Act the Commission may, by order upon application, conditionally or unconditionally exempt any person, security, or transaction, or any class or classes of persons, securities or transactions, from any provision or provisions of the 1940 Act or from any rule or regulation thereunder, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

2. Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act, in pertinent part, prohibit a registered unit investment trust and any depositor thereof or underwriter thereof from selling periodic payment plan certificates unless the proceeds of all payments (other than sales load) are

deposited with a qualified bank as trustee or custodian and held under arrangements which prohibit any payment to the depositor or principal underwriter except a fee, not exceeding such reasonable amount as the Commission may prescribe, for performing bookkeeping and other administrative services of a character normally performed by the bank itself.

3. Applicants previously received exemptive relief ("Previous Exemption") pursuant to Section 6(c) of the 1940 Act exempting them from Sections 26(a) and 27(c)(2) of the 1940 Act to the extent necessary to permit the deduction of the Mortality and Expense Risk Charge from the assets of the Separate Account.<sup>2</sup> Applicants now request an amendment to the Previous Exemption to permit the deduction of the Mortality and Expense Risk Charge from the assets of any other separate account established in the future by the Company, in connection with the issuance of certain variable annuity group contracts that are substantially similar in all material respects to the Existing Contracts. Without the requested exemptive relief, Applicants would have to request and obtain such relief for each Future Account the Company establishes to fund Future Contracts. Applicants assert that such additional requests for exemptive relief would present no issues under the 1940 Act that have not been addressed by either the Previous Exemption or the application that is the subject of this notice.

4. Applicants assert that the Mortality and Expense Risk Charge of 1.25% is within the range of industry practice for comparable annuity products. Applicants state that this determination is based upon an analysis of publicly available information about similar industry products, taking into consideration such factors as current charge levels, the existence of charge guarantees, guaranteed annuity rates and the markets in which the Contracts or offered. Applicants undertake to maintain a memorandum, available to the Commission upon request, outlining the methodology underlying this representation.

5. Applicants represent that Future Contracts will provide for equal or lower Mortality and Expense Risk Charge than the Existing Contracts. The amount of the Mortality and Expense Risk Charges will be stated in each

<sup>2</sup> *Great West Life & Annuity Insurance Company, et al.*, Inv. Co. Act Rel. No. 13998 (June 19, 1984) (notice) and Inv. Co. Act. Rel. No. 14038 (July 17, 1984) (order).

Future Contract, and will be guaranteed not to increase.

#### Conclusion

For the reasons summarized above, Applicants represent that the exemptions requested are necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

**Margaret H. McFarland,**

*Deputy Secretary.*

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#### SMALL BUSINESS ADMINISTRATION

##### [(Declaration of Disaster Loan Area #2804)]

##### Vermont; Declaration of Disaster Loan Area

As a result of the President's major disaster declaration on August 16, 1995, I find that Caledonia, Chittenden, Essex, Lamoille, Orleans, and Washington Counties in the State of Vermont constitute a disaster area due to damages caused by excessive rain and flooding on August 4 through 6, 1995. Applications for loans for physical damages may be filed until the close of business on October 16, 1995, and for loans for economic injury until the close of business on May 16, 1996, at the address listed below: U.S. Small Business Administration, Disaster Area 1 Office, 360 Rainbow Blvd. South, 3rd Floor, Niagara Falls, NY 14303 or other locally announced locations. In addition, applications for economic injury loans from small businesses located in the following contiguous counties may be filed until the specified date at the above location: Addison, Franklin, Grand Isle, and Orange in the State of Vermont; Coos and Grafton in New Hampshire; and Clinton and Essex in New York.

The interest rates are:

	Percent
For Physical Damage:	
Homeowners with credit available elsewhere .....	8.000
Homeowners without credit available elsewhere .....	4.000
Businesses with credit available elsewhere .....	8.000
Businesses and non-profit organizations without credit available elsewhere .....	4.000

	Percent
Others (including non-profit organizations) with credit available elsewhere .....	7.125
For Economic Injury:	
Businesses and small agricultural cooperatives without credit available elsewhere .....	4.000

The number assigned to this disaster for physical damage is 280406. For economic injury the numbers are 860900 for Vermont, 861000 for New Hampshire, and 861100 for New York.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008).

Dated: August 25, 1995.

**Bernard Kulik,**

Associate Administrator for Disaster Assistance.

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## SOCIAL SECURITY ADMINISTRATION

### Agency Forms Submitted to the Office of Management and Budget for Clearance

Normally on Fridays, the Social Security Administration publishes a list of information collection packages that will require submission to the Office of Management and Budget (OMB) for clearance in compliance with Public Law 96-511, as amended (P.L. 104-13 effective October 1, 1995). The Paperwork Reduction Act. Since the last list was published in the **Federal Register** on August 4, 1995, the following information collections have been proposed or will require extension of the current OMB approvals.

(Call the Reports Clearance Officer on (410) 965-4142 for a copy of the form(s) or package(s), or write to her at the address listed after the information collections.)

*SSA Reports Clearance Officer:*  
Charlotte S. Whitenight.

1. Statement by School Official About Student's Attendance and Statement to U.S. Social Security Administration by School Outside the U.S. About Student's Attendance—0960-0090. The information on forms SSA-1371 and SSA-1371FC is used by the Social Security Administration to determine a student's alleged full time attendance at an educational institution in cases where such attendance is needed for continued entitlement to benefits. The respondents are the school officials who provide the information on these forms.

*Number of Respondents:* 5,000.

*Frequency of Response:* 1.

*Average Burden Per Response:* 10 minutes.

*Estimated Annual Burden:* 833 hours.

2. Report of Continuing Disability Interview—0960-0072. The information on form SSA-454 is used by the Social Security Administration to determine whether a person who receives Social Security Disability benefits is still unable to work because of his/her disability. It will be used to make a determination as to whether the Disability benefits should continue or terminate. The affected public will consist of approximately 300,000 Social Security Disability benefit recipients.

*Number of Respondents:* 300,000.

*Frequency of Response:* 1.

*Average Burden Per Response:* 30 minutes.

*Estimated Annual Burden:* 150,000 hours.

3. Medical Report (Individual With Childhood Impairment)—0960-0102. The information on form SSA-3827 is used by the Social Security Administration to determine if an individual with a childhood impairment medically qualifies for benefits or payments under the provisions of the Social Security Act. Without this data, SSA would not be able to properly evaluate the medical aspects of an individual's claim or application. The respondents will be attending physicians/medical sources.

*Number of Respondents:* 12,000.

*Frequency of Response:* 1.

*Average Burden Per Response:* 30 minutes.

*Estimated Annual Burden:* 6,000 hours.

4. Agreement to Sell Property—0960-0127. The information on form SSA-8060 is used by the Social Security Administration when individuals or couples who are otherwise eligible for Supplemental Security Income (SSI) benefits, but whose resources exceed the allowable limit, may receive conditional payments if they agree to dispose of their excess nonliquid resources and make repayment. The respondents will be applicants for and recipients of SSI benefits.

*Number of Respondents:* 20,000.

*Frequency of Response:* 1.

*Average Burden Per Response:* 10 minutes.

*Estimated Annual Burden:* 3,333 hours.

5. Application for Survivors Benefits—0960-0062. The information on form SSA-24 is used by the Social Security Administration to determine if an individual who is filing for benefits from the Department of Veterans Affairs (DVA) may also be entitled by SSA. The respondents are claimants for VA benefits.

*Number of Respondents:* 3,200.

*Frequency of Response:* 1.

*Average Burden Per Response:* 15 minutes.

*Estimated Annual Burden:* 800 hours.

6. Modified Benefit Formula Questionnaire—0960-0395. The information on form SSA-150 is used by the Social Security Administration to determine the correct formula to be used in computing the Social Security benefit of someone who also receives a benefit from employment not covered by Social Security. The respondents will be people who are entitled to both types of benefits.

*Number of Respondents:* 90,000.

*Frequency of Response:* 1.

*Average Burden Per Response:* 8 minutes.

*Estimated Annual Burden:* 12,000 hours.

7. Modified Benefit Formula Questionnaire, Employer—0960-0477. The information on form SSA-50 is used by the Social Security Administration to verify the claimant's allegation that he or she received a pension based on union-covered employment after 1956. It also shows whether or not the individual became eligible for that pension before 1985. The respondents will be persons who are first eligible for both Social Security benefits and a pension from noncovered employment after 1985.

*Number of Respondents:* 30,000.

*Frequency of Response:* 1.

*Average Burden Per Response:* 20 minutes.

*Estimated Annual Burden:* 10,000 hours.

8. Report of Student Beneficiary About to Attain Age 19—0960-0274. The information on form SSA-1390 is used by the Social Security Administration to determine whether a student beneficiary is entitled to benefits for the month of attainment of age 19 and subsequent months. The respondents will be student beneficiaries about to attain age 19.

*Number of Respondents:* 50,000.

*Frequency of Response:* 1.

*Average Burden Per Response:* 5 minutes.

*Estimated Annual Burden:* 4,167 hours.

9. Reconsideration Disability Report—0960-0144. The information on form SSA-3441 is used by the Social Security Administration to determine if the claimant's medical or vocational situation changed after the initial disability determination. This form also elicits additional sources of medical and vocational evidence which were not considered in the initial determination.